

Investment Policy Statement

Sunrise Rotary Foundation of McMinnville, Oregon

The Foundation of the Sunrise Rotary Club of McMinnville (hereafter called FOUNDATION) has been established to support the work of the Sunrise Rotary Club of McMinnville. The Foundation exists to generate and distribute funds in support of the service work of the Sunrise Rotary Club. The Foundation's objective is to promote in the quality of life in McMinnville, and the surrounding areas.

The Board of Directors of the Foundation has full discretion and authority with regard to the investment of the Foundation's assets except with respect to assets under control or direction of a properly appointed investment manager.

STATEMENT OF PURPOSE

The purpose this document is to set forth the objectives, policies, constraints and guidelines that are to govern the management and investment of the assets of the Foundation. The objectives, policies, constraints and guidelines herein are not to be construed as absolutes, but rather as benchmarks for guidance by the Board of Directors.

Toward that end, the Investment Policy Statement (IPS) is intended to:

1. Articulate the Directors' objectives for structuring and investment program suitable to the short-term and long-term needs and investment tolerances of the Foundation.
2. Formulate policies for selecting appropriate investment managers, commingled and/or mutual funds or other suitable investment within the framework of the structure.
3. Establish objectives for prudently monitoring and evaluating the performance of such investment program.
4. Encourage effective communication between the investment manager(s), the Directors and the Consultant.
5. Create the framework for a well-diversified asset mix that can be expected to generate acceptable long-term returns at a level of risk suitable to the Board of Directors and the Foundation.
6. Set forth an investment structure for the Foundation detailing permitted asset classes and expected returns.
7. Define the responsibilities of the Board of Directors, the Consultant and Investment Managers.

This IPS has been created by the Board of Directors of the Foundation through consideration of performance and risks of the investment program and describes a prudent investment policy deemed appropriate for the Foundation and that adheres to the Prudent Investor Rule. In general, the purpose of the IPS is to outline a philosophy and attitude that will guide the investment management toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

STATEMENT OF RESPONSIBILITIES

Specifically, it is anticipated that the parties noted below will have the following roles:

Board of Directors

- Regular maintenance of investment policies and criteria.
- Setting performance goals and appropriate risk levels.
- Set asset allocation parameters and approve asset classes.
- Review of the asset allocation policy.

Consultant

If approved and hired by the Board of Directors, the Consultant is responsible for rendering advice on the investment program) in addition to providing other advisory services. Such advice and services include the following:

- Assist in the development and periodic review of the investment policy, objectives and guidelines.
- Conducting Investment Manager searches when requested by the Board of Directors.
- Guidance in the selection of and monitoring performance of individual Investment Managers.
- The measuring and evaluating performance of the total portfolio relative to the objectives and guidelines described herein.
- Monitoring an Investment Manager's adherence to this Investment Policy Statement.
- Reviewing the Foundation's investment history, historical capital markets performance and the contents of the Investment Policy Statement for any newly appointed members of the Board of Directors.

Investment Advisor(s)

Until such time as the Foundation's endowment grows large enough to justify it, the Foundation will utilize mutual funds rather than employing one or more Investment Managers.

It is understood that the term Investment Manager may refer to Money Managers, Investment Advisors, Trust Officers or other Financial Professionals with appropriate skills to prudently manage the Foundation's funds. An Investment Manager is responsible for deploying the assets based on the policy guidelines set forth in this Investment Policy Statement and for making investment decisions (purchasing, holding, or selling securities).

OBJECTIVES AND GOALS

In order to meet the Foundation's needs, the investment strategy of the fund is to emphasize (1) preservation of capital and (2) stability of return. In considering these needs, a balanced asset allocation model shall be established for the Foundation assets: The Foundation's overall investment program shall seek to achieve the following long-term investment objectives:

1. A long-term competitive rate of return on investments that equals or exceeds the various benchmarks that are representative of the asset allocation model defined herein.
2. An investment program flexible enough to meet the needs of the Foundation and provide a diversified portfolio to meet the long-term investment goals.

Understanding that risk is present in all types of securities and investment styles, The Board of Directors recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Foundation's objectives. However, the investment managers are to make reasonable efforts to control risk and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment styles and objectives.

The asset allocation strategies for the Income-model are outlined under the asset allocation section of the IPS as published by the Edward Jones Advisory Solutions Core Research Model – Income Focus.

The Board of Directors and Consultant will periodically monitor the asset allocation models to ensure that they remain suitable for the investment program and provide reasonable long-term performance relative to their risks.

Investment risks are considered within the context of all managed assets and the need to meet specific objectives. Volatility and risk will be controlled through asset allocation strategies and the selection of Investment Managers of mutual funds.

SPENDING POLICY

To resolve the need for current spending while still allowing for long-term capital appreciation, endowment funds will be managed on a total return basis. Total spending from the endowment on an annual basis shall be no more than 5% of the fund value, or not less than the minimum required by statute. To smooth values caused by market variations, the spending will be calculated using a twelve-quarter average market value of endowment values. The annual spending target is 80% of the income generated from fixed income investments. The annual re-investment target is 20% of the income generated from fixed income investments.

ASSET ALLOCATION

The Foundation maintains two accounts: (1) cash and (2) endowment. The cash account is working capital and is managed by the treasurer. The endowment is managed under the terms of this Investment Policy Statement. For the endowment, the policy governing the overall equity, debt, and cash positions is to maintain a diversified portfolio designed to provide moderate long-term growth potential and current income.

Characteristics

- Diversification is geared towards both domestic and foreign stocks and bonds.
 1. Emphasis is placed on (1) long-term preservation of

capital and (2) receiving some current income.

- The Foundation is willing to accept some volatility) but less than the overall market indices.
- Protection against inflation is a high concern.

The target distribution of assets is as follows:

Asset Class	Minimum	Target	Maximum	Benchmark
Stocks	40%	25%	80%	S&P 500
Growth	10%	5%	50%	
Value	0%	10%	15%	
Growth & Income Domestic		5%		
Growth & Income International		5%		
Fixed Income		70%		Lehman Bros Gov't./Credit
Cash		5%		CPI

Re-balancing

Re-balancing of the portfolios will be addressed at least annually. Typically, re-balancing will be addressed when model allocations are outside of (1) their stated minimum/maximum range or (2) a narrower range approved by the Board.

Diversification

In recognition of the prudence required of fiduciaries, reasonable diversification will be sought where possible. Experience has shown that financial markets are cyclical and therefore, control of volatility will be achieved through diversification of asset classes and selection of managers/mutual funds with diverse investment styles.

All asset classes that the Board of Directors either select or permit the various portfolio managers to use must have a defined purpose. Each asset class shall be broadly diversified to have similar risk characteristics to its respective market.

Permitted Activity

Unless specifically recommended otherwise by the Board of Directors in writing, selection of equity funds or managers shall not be subject to restrictions or requirements pertaining to:

- 1.) Turnover; except that turnover will be monitored by the Consultant and shall be subject to guidelines to be applicable to each investment account.
- 2.) Realized gains and losses.
- 3.) Investment in liquid marketable securities readily traded on U.S. major market exchanges.
- 4.) Use of securities of foreign-based companies that are traded on a major U.S. exchange in U.S. dollars and American Depositary Receipts (ADR's). These are listed and freely traded on major American exchanges and represent ownership in major, non-American corporations.
- 5.) Use of Ordinary Shares of foreign securities traded in the local exchange.

6.) Permissible investment in developed and developing countries as they are described in the Morgan Stanley Capital International Index and the Morgan Stanley Capital International Emerging Markets Free Index.

Fixed-Income

Investment Managers may select from appropriate liquid preferred stocks, corporate bonds, mortgage backed bonds, certificates of deposit, U.S. Treasury Bills and obligations of the U.S. Government and its agencies, or mutual funds. Except for mutual fund investments, these investments will be subject to the following limitations:

1.) The fixed income portion of the growth and income portfolio may not have duration of more than 10 years. For the conservative income options, the portfolio may not have duration of more than five years.

2.) Investment in securities of a single issuer (with the exception of the U.S. Government and its agencies) must not exceed 5% of the market value of the portfolio.

3.) Preferred stocks must be rated A or better by Moody's and/or Standard & Poor's at the time of purchase.

4.) Only corporate debt issues that meet or exceed an investment grade A rating from Standard & Poor's and/or A from Moody's may be purchased.

Cash and Cash Equivalents

Investment Managers may invest in commercial paper, bankers' acceptances, repurchase agreements, U.S. Treasury Bills, certificates of deposit, and money market funds to provide income, liquidity from expense payments, and preservation of the portfolio's principal value. All such assets must mature in one year or less. Commercial paper must be rated A1 or P1 by Standard & Poor's and Moody's respectively.

International Equity

Equity markets around the world can be classified into developed markets and developing markets. The Board of Directors allows investment in readily marketed securities of companies located in both developed and developing countries. The countries available for investment are described in the Morgan Stanley Capital International Index and the Morgan Stanley Capital International Emerging Markets Free Index. Allocation of investment to developing markets shall be limited to 20% of the investment to international equities allocation.

Mutual Funds

The Board of Directors has determined that an investment in any asset class may be appropriated to pooled investment vehicles, such as publicly traded open-or closed-end mutual funds. All funds selected shall provide daily valuations.

STANDARDS OF PERFORMANCE, REVIEW AND EVALUATION

The Board of Directors will select Investment Managers or mutual funds consistent with these objectives. The assets subject to each such Investment Manager or mutual fund will constitute an "account" or "investment account".

The investment performance of the total portfolio, as well as asset class components, will be measured against commonly accepted performance benchmarks stated in this policy. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals and guidelines as set forth in the statement. The Board of Directors reserves the right to terminate an Investment Manager for any reason including the following:

1. Investment performance is less than anticipated given the discipline employed and the risk parameters established, of unacceptable justification of poor results.
2. Failure to adhere to any aspect of this Investment Policy Statement, including communication and reporting requirements.
3. Significant qualitative changes to the investment management organization.
4. At the convenience of the Board of Directors.

Investment Managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matter, and other qualitative factors that may impact their ability to achieve the desired investment results.

PRUDENCE

All participants in the investment process shall act responsibly. The standards of the 'prudent investors rule' shall apply to all transactions and decisions relating to endowment funds. In addition, Board members shall avoid all conflicts of interest in oversight of endowment funds.

COMMUNICATION AND REPORTING

The Board of Directors will review the performance of each investment account and the Foundation as a whole at least quarterly to assure continued compliance with this Statement.

Officer Signature	Date
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